

# **Major Differences Senate and House Budgets**

## **Resources**

- **Revenue Reforecast (February revisions)**

<b>\$ in millions</b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2010</u></b>
House	(\$339.0)	(\$491.9)	(\$478.1)
Senate	(\$339.0)	(\$520.1)	(\$532.2)
Difference	\$0.0	\$28.2	\$54.1

- Senate uses forecast presented by Governor based on input from the GACRE meeting.
  - House uses slightly higher forecast presented to GACRE. Sets aside \$85 million – roughly the difference in the two forecasts – in a Revenue Reserve Fund.
- **FY 2008 Use of the Rainy Day Fund**
    - Senate withdraws \$422.9 million (\$261.1 million from budget as introduced, plus \$161.8 million based on February lowered revenue forecast.)
    - House withdraws \$280.0 million (\$261.1 million from budget as introduced, plus \$18.8 million based on February lowered revenue forecast).
- **Reversion of General Funds from Capital Projects**
    - Senate: \$300.0 million (\$70.0 million in FY 2008 plus \$230.0 million in FY 2009). Project amounts are shifted to VPBA debt.
    - House takes three separate actions totaling \$544.1 million.

- \$225.0 million in FY 2008. Project amounts shifted to VPBA debt.
- \$177.9 million in GF capital project balances in FY 2008 reverted to the General Fund. Funding is restored in FY 2010.
- \$141.2 million in active GF capital projects frozen at the current project stage balances in FY 2008 reverted to the General Fund.

- **Reversion of Agency Balances**

- House reverts \$39.7 million in GF FY 2007 operating balances. These amounts were “pledged” by the Governor to be restored to state agencies to help them cover the across-the-board reductions made in October, 2007.

- **Lottery Forecast**

- House increases FY 2008 lottery forecast by \$9.0 million. Both Senate and House increase FY 2009 and FY 2010 forecast by \$22.0 million in each year.

## Health and Human Resources

<b>Comparison of HHR Budgets (dollars in millions)</b>			
	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
Federal and state mandates	\$567.4	\$567.4	\$567.4
Mental health initiative	41.6	42.1	41.6
Foster care and adoption services	25.8	13.9	12.5
Health and health care	21.3	7.3	7.9
Early childhood education	10.6	6.0	0.0
Service expansions	9.0	8.2	52.5
Agency operations & services	10.7	9.5	10.7
Savings strategies	(39.2)	(91.8)	(138.7)
<b>TOTAL</b>	<b>\$647.3</b>	<b>\$562.1</b>	<b>\$554.0</b>
<i>Totals may not add due to rounding.</i>			

- **Federal and state mandates.** Both budgets fully fund mandated federal and state spending related to Medicaid, FAMIS, CSA, and foster care and adoption services.
- **Mental health initiative.** Both budgets provide \$42.0 million GF for mental health services. There are minor dollar differences related to funding for central office staffing and the Wounded Warrior Bill.
- **Foster care and adoption services.**

<b>\$ in millions</b>	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
Foster care rate increase	\$12.2	\$8.5	\$12.2
Improve recruitment & retention	6.9	3.5	0.0
Provide child welfare training	4.4	1.6	0.0
Increase foster care visitations	2.0	0.0	2.0
Establish CSA Data System	0.3	0.3	0.3
Require Use of Medicaid for CSA	0.0	0.0	(2.0)
<b>TOTAL</b>	<b>\$25.8</b>	<b>\$13.9</b>	<b>\$12.5</b>

- Senate reduces foster care and adoption services rate increase to 20 percent, while House retains 25 percent increase.
- Senate reduces funding for recruitment and retention and child welfare training, while House eliminates this funding.
- Senate eliminates additional staff for face-to-face visits, while House retains.
- House assumes \$2.0 million GF in savings by requiring the use of Medicaid in CSA when appropriate.

- **Health and health care.**

<b>\$ in millions</b>	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
Health safety net expansion	\$10.0	\$3.5	\$7.0
VirginiaShare Program	7.8	2.0	0.0
Expand FAMIS Moms Program	2.6	1.6	0.0
Other health care spending	1.0	0.3	0.9
<b>TOTAL</b>	<b>\$21.3</b>	<b>\$7.4</b>	<b>\$7.9</b>
<i>Totals may not add due to rounding.</i>			

- Senate provided one-year funding for free clinics and community health centers; House provided two years.
- Senate reduced funding for VirginiaShare and delayed expansion of FAMIS Moms Program; House eliminated both proposals.
- Senate retained funding for Uninsured Medical Catastrophe Fund; House eliminated.
- House adds funding for the Patient Advocate Foundation.

- **Early Childhood Education.**

<b>\$ in millions</b>	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
Quality rating information system	\$4.7	\$3.0	\$0.0
Early childhood workforce	4.0	2.0	0.0
Early Childhood Foundation	2.0	1.0	0.0
<b>TOTAL</b>	<b>\$10.6</b>	<b>\$6.0</b>	<b>\$0.0</b>
<i>Totals may not add due to rounding.</i>			

- Senate reduced funding for development of the QRIS; the House eliminated funding.
- Senate reduced funding for financial incentives to early childhood education workers; the House eliminated funding.
- Senate reduced funding for the Early Childhood Foundation; House eliminated the increase.
- Senate retains \$14.9 million from the federal TANF block grant the second year for the Virginia Preschool Initiative, whereas the House eliminates TANF funding and shifts \$7.0 million in GF spending to the federal block grant.
- House also eliminates TANF funding for United Community Ministries, St. Paul's College and People Incorporated.

- **Service expansions.**

<b>\$ in millions</b>	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
Mental retardation waiver slots	\$7.2	\$7.2	\$38.1
3.6% MR waiver rate increase	0.0	0.0	10.0
Start-up for MR waiver slots	0.0	0.0	3.2
All other services	1.8	1.0	1.2
<b>TOTAL</b>	<b>\$9.0</b>	<b>\$8.2</b>	<b>\$52.5</b>

- Senate retains increase of 150 MR waivers, while House provides 650 additional MR waivers.
- House provides a 3.6 percent rate increase for congregate care provided under the MR waiver.
- House provides funding for MR waiver start-up costs.

- **HHR Agency Operations and Services.**

<b>\$ in millions</b>	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
Center for Behavioral Rehab.	\$5.9	\$4.9	\$5.9
Restore exemption from PDL	0.0	1.9	2.0
Local pilot reentry program	1.1	1.1	0.0
Local health departments	0.9	0.0	0.9
All other	2.8	1.6	1.9
<b>TOTAL</b>	<b>\$10.7</b>	<b>\$9.5</b>	<b>\$10.7</b>

- Senate reduces increase in second year, while House fully funds increase for the Center for Behavioral Rehabilitation.
- Both restore an exemption from the preferred drug list for antipsychotics and antianxiety medications.
- Senate provides funding for a local pilot reentry program, whereas House eliminates funding.
- House provides funding for local health department improvements while Senate eliminates.

- **Savings strategies.**

<b>\$ in millions</b>	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
Reduce inflation for hospitals	0.0	(29.6)	(37.7)
Additional revenue to VHCF	(18.4)	(25.1)	(32.6)
Eliminate rebasing for NFs	0.0	0.0	(21.5)
Reduces inflation for NFs	0.0	(11.6)	0.0
Reduce Medicaid rates	0.0	(5.0)	(21.2)
Supplant TANF with GF	0.0	0.0	(7.2)
Local CSA Match rates	(12.5)	8.1	6.0
All other savings	(8.3)	(28.6)	(24.5)
<b>TOTAL</b>	<b>(\$39.2)</b>	<b>(\$91.8)</b>	<b>(\$138.7)</b>

- Senate reduces inflation to 2% each year for all hospitals. House eliminates inflation for all hospitals except UVA Medical Center and VCU Health System.
- Senate reduces inflation to 2% each year for all nursing homes. House eliminates rebasing for nursing homes.
- Both capture additional revenue to the Virginia Health Care Fund from a recent settlement with Merck but the House also directs new strategic contribution payment to the Fund, eliminating an increase to the Tobacco Indemnification and Community Revitalization Fund and the Virginia Tobacco Settlement Fund.
- Senate reduces Medicaid spending by \$5.0 million GF while House revised estimates of Medicaid spending by \$21.2 million GF.
- **Caboose Bill.** Senate reduces \$250,000 GF whereas the House reduces \$12.1 million GF by revising estimated spending for Medicaid, FAMIS, SCHIP, and Involuntary Commitments.

## Public Education

- **Standards of Quality/Salary Increases**
  - Senate provides second year salary increase of 2.5 percent.
  - House combines six separate actions in one amendment:

<b>(\$ in millions)</b>	<b><u>FY09</u></b>	<b><u>FY10</u></b>
First year salary increase of 2.0 percent	\$45.2	\$77.6
Prevailing support salaries: Uses FY04 (instead of FY06) as the base year, updated for G.A. approved increases in FY05 – FY08	(\$38.6)	(\$40.2)
Prevailing instructional salaries: For the 2010-12 biennium, use FY06 (instead of FY08) as the base year updated for G.A. approved increases in FY07 - FY10	Language	Language
Further limit inflation adjustments from base year	(\$10.2)	(\$10.2)
“Federal revenue deduct”: End use of prevailing basis for the deduction	(\$11.1)	(\$11.0)
“Supplemental School Construction” Initiative	<u>\$35.2</u>	<u>\$37.2</u>
<b>Subtotal of Item 140 #52h</b>	<b>\$20.6</b>	<b>\$53.5</b>
Reverse second year salary increase in introduced budget	\$0.0	(\$130.7)



- **Literary Funds for School Construction Loans/Interest Rate Subsidy Grants**
  - Senate reduces by \$14.0 million.
  - House reduces by \$45.0 million.
- **School Construction Grants**
  - Senate reduces by \$27.5 million; no action by House.
- **Lottery**
  - Same action in Caboose budget, and the forecast for FY 09 and FY 10.
  - Senate level funds the “per pupil” allocation, using the additional \$34.4 million to support Basic Aid.
  - House also increased the FY 08 forecast by \$9.0 million, using the additional funds for Basic Aid in FY 09.
- **Virginia Preschool Initiative (Caboose Budget)**
  - Senate reduces funding by \$400,000 in FY 08 for start-up/expansion grants to increase local participation in the Virginia Preschool Initiative (VPI), retaining \$1.3 million for 14 localities to add 575 students based on applications in hand.
  - House eliminates the full \$1.7 million.
- **Virginia Preschool Initiative (Biennial Budget)**
  - Both houses revert to current methodology based on 100% of free-lunch eligibility.
  - Senate reduces funding by \$13.1 million GF, updating per pupil amount to the state’s share of \$6,000 (i.e. \$3,300 on average) and \$6,790 (i.e. \$3,700 on average), adds 10%

first year and 20% second year of reduced-lunch eligibility to the funding formula.

- House reduces funding by \$17.3 million GF and \$14.9 million TANF; no change to \$5,700 per pupil amount.

- **At-Risk Add-On**

- Senate maintains language related to data coordinators. Also requires report from school divisions on comprehensive intervention, prevention, and remediation strategies.
- House reduces by \$5.1 million, by limiting to school divisions with greater than 16 % free lunch eligibility.

- **Technical correction of Hanover special education data**

- Senate fully funds \$7.8 million.
- House leaves second year hole of \$4.0 million.

- **School breakfast/lunch reimbursement**

- Senate adds \$0.6 million the second year, increasing the school lunch reimbursement from 4.7 cents to 5.0 cents each.
- House reduces funding by \$2.0 million by moving up the base year for purposes of determining additional school breakfasts served.

- **Project Discovery**

- House eliminates funding of \$1.9 million; no action by Senate.

- **Hard-to-staff schools incentives for teachers (Petersburg)**

- House eliminates \$1.3 million; no action by Senate.

## Higher Education

Major GF Actions for the 2008-10 Biennium (\$ in millions)			
	<b>Intro</b>	<b>SB 30</b>	<b>HB 30</b>
Base Adequacy	\$44.3	22.2	\$44.3
Continuation of Research	25.5	20.2	25.1
Higher Education Research Initiative	21.3	9.8	7.1
Undergraduate Student Fin. Aid	18.2	18.2	18.2
Various Program Enhancements	8.4	4.2	3.7
Program Enhancements/Restorations	N/A	0.7	3.7
Reduce Eminent Scholars - SCHEV	(0.5)	(0.5)	(0.5)
TAG (level fund)	0	1.1	1.0
Tuition Moderation Incentive Fund	0.0	0.0	40.7
VCU - Tier III Reduction	0.0	0.0	(2.4)
<b>Subtotal</b>	<b>\$117.2</b>	<b>\$76.0</b>	<b>140.9</b>
HE Restructuring Interest/Rebate	16.7	16.7	0.0
Transfer Grant	3.6	3.6	1.8
<b>Total</b>	<b>\$137.5</b>	<b>\$96.3</b>	<b>\$142.7</b>

- **Base Adequacy Funding**

- Senate maintains 50 percent of the \$44.3 million provided in the budget as introduced, or \$22.2 million GF. No reductions by the House.

- **Tuition Policy**

- House creates a Tuition Moderation Incentive Fund with potential allocations to colleges and universities of \$40.7 million GF for the biennium, based on their decision to

not raise tuition in the first year, and raise tuition no more than 5 percent for the biennium.

- **Higher Education Restructuring Incentive Funding**
  - House reverts almost \$4.0 million in FY 2008 and \$16.7 million in FY 2009 for interest and credit card rebate incentive funding that the colleges and universities were allowed to retain under Higher Education Restructuring if they meet specified performance standards.

## **Public Safety**

- **HB 599 (Aid to Localities with Police Departments)**
  - Senate adds \$2.5 million GF each year to fully fund HB 599 in fiscal year 2009.
  - House reduces HB 599 payments by \$7.9 million the first year and \$7.0 million the second year, and directs the funds to four purposes: (1) regional criminal justice academies; (2) school resource officers; (3) line of duty payments; and (4) two regional task forces on internet crimes against children (State Police-NVA and Bedford County-SVA).
- **Correctional Facilities**
  - Senate delays opening of St. Brides Phase II for a reduction of \$10.8 million GF the first year.
  - House adds \$2.7 million GF for on-time openings for the Western Virginia and Rappahannock Regional Jails.

- **Inmate Diversion and Reentry Program**
  - Senate trims proposed funding by \$0.3 million GF over two years for expanding the diversion and reentry program.
  - House eliminates entire \$3.8 million GF in new funding over two years for expanding the diversion and reentry program.
- **Wounded Warrior Program**
  - Senate provides \$0.5 million GF in Veterans Services and \$0.5 million GF for CSB's (SB 297).
  - House provides \$5.9 million GF in Veterans Services (HB 475).

## **Judicial/General Government**

- **Waivers for Court-Appointed Counsel**
  - House reduced the appropriation of \$8.2 million GF each year in the base budget by \$4.0 million the first year and \$2.0 million the second year, to reflect the rate of growth in expenditures, which has been slower than projected last year. Senate did not address, due to concerns about the under-funding of the Criminal Fund.
  - House eliminates the proposed \$1.0 million GF each year for waivers in juvenile cases. Senate retained funding.
- **Drug Courts**
  - House eliminates the entire \$3.0 million GF each year in the base budget for drug courts. Senate retained funding.

- **New Judgeships**
  - Senate provides \$3.9 million GF each year for 16 new circuit, general district, and juvenile judges (SB 178 and 179), plus \$1.5 million over two years for 20 new deputy clerk positions. House did not address.
- **Regional Jails**
  - Senate restores \$2.6 million GF in FY 2009 to exempt four jails from recoveries for holding federal prisoners. House did not address.
- **Compensation Board**
  - House eliminates \$6.0 million for enhanced LEOS retirement costs. Senate retains funds.
  - House reverts \$20 million for the local share of Circuit Court Clerks' excess fees. No action by the Seante.
- **Employee Compensation**
  - Senate provides a 2.5 percent increase for all employee groups in second year.
  - House provides 2 percent increase in first year. Revenue Reserve Fund includes \$53 million towards a second year salary increase for all employee groups.

## Economic Development

<b>Comparison of Economic Development Budgets (dollars in millions)</b>			
	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
BRAC	\$25.0	\$25.0	\$19.0
Governor's Opportunity Fund	15.1	9.2	15.1
Accelerated Semiconductor Manufacturing Grants (Quimonda)	13.8	13.8	0.0
Accelerated Res. Payments (SRI Inc.)	7.0	4.0	0.0
Virginia Investment Partnership	3.6	2.8	3.6
Dedicated Tourism Funding (NGF)	2.5	2.5	0.0
Rural Broadband	1.0	1.0	0.0
Mortgage Counseling Assistance	0.9	0.7	0.0
International Marketing	0.7	0.7	0.0
Motion Picture Fund	0.4	0.4	0.0
<b>TOTAL</b>	<b>\$70.0</b>	<b>\$60.1</b>	<b>\$37.7</b>
<i>Totals may not add due to rounding.</i>			

- **Merger of Department of Business Assistance with Economic Development Partnership.**
  - House passed legislation to merge these agencies and took savings of \$3.0 million. Senate did not pass this legislation.

## Natural Resources

<b>Comparison of Agriculture and Natural Resources Budgets (Dollars in millions)</b>			
	<b>Intro.</b>	<b>SB 30</b>	<b>HB 30</b>
Land Conservation Bonds (NGF)	\$50.0	\$50.0	\$20.0
Dam Safety Bonds (NGF)	20.0	25.0	20.0
Agricultural BMPs	20.0	20.0	15.0
Purchase of Development Rights	6.0	2.0	1.0
Combined Sewer Overflow	6.0	40.0	0
Dam Loan Fund	2.0	0	1.0
Virginia Outdoor Foundation	1.9	0.9	0
State Parks	1.5	1.5	0.5
<b>TOTAL</b>	<b>\$107.4</b>	<b>\$140.4</b>	<b>\$57.5</b>
<i>Totals may not add due to rounding.</i>			

- House reduces the Water Quality Improvement Fund for Point Source protection by \$15.0 million GF.
- Senate replaces the \$6.0 million GF for Combined Sewer Overflow projects in Richmond and Lynchburg with \$40.0 million VPBA (\$10 million per year for 4 years).

## Transportation

- **“Cash-Flow” of General Fund Transportation**
  - Both chambers reverted \$180.0 million GF from VDOT back to the general fund from the \$500.0 million appropriated as “surplus” in 2007.



- House directs CTB to issue up to \$180.0 million in new debt to replace funds; Senate directs CTB to determine funding source.
- **Department of Motor Vehicles Funding**
  - Both chambers rejected \$10 driver's license fee increase. Senate replaced with 8 year driver's license (SB 116); House included language in budget similar to SB 116.
  - House eliminated "Jamestown Fee" resulting in loss in NGF revenue of \$7.0 million to DMV, \$2.5 million NGF to VA Tourism Authority and \$400,000 to VA Land Conservation Foundation.
  - House eliminated \$6.0 million NGF and eliminated language allowing DMV to retain one-half of one percent of titling tax.
  - House restored Motor Vehicle Dealer Board and Board on Towing and Recovery as stand alone agencies, while Senate approved merging them under DMV.
- **Dulles Metrorail Project**
  - Senate includes language requesting DRPT to provide an estimate for sound walls along the corridor while House language requires sound walls be constructed.
  - House adds language requiring Secretary of Transportation to re-solicit bids for the project.

## **Capital Outlay**

- **Maintenance Reserve**

- Senate removes additional \$50.0 million in Maintenance Reserve proposed in FY 2008 in SB 29, as introduced. In FY 2010, provides \$22.0 million in addition to \$50.0 million in budget as introduced.
- House removes additional \$50.0 million in Maintenance Reserve proposed in FY 2008 in SB 29, as introduced. Also reverts \$33.4 million previously provided for the 2006-08 biennium, and \$50.0 million in FY 2010. Replaces all Maintenance Reserve funding with \$150.0 million in bonds.